

## Message Text

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13

ACTION TRSE-00

INFO OCT-01 EA-11 NEA-10 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-03 PA-03 PRS-01 USIA-15 IO-13 RSR-01 AGR-20

/189 W

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R 030341Z AUG 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7038

INFO AMEMBASSY BANGKOK

AMEMBASSY COLOMBO

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USADB

FOR NAC AGENCIES; BANGKOK FOR RED

E O 11652: ADS, DECLAS 6/30/74

TAGS: EAID, EFIN, CE

SUBJ: UREA FERTILIZER PROJECT, SRI LANKA

SUMMARY: AFTER TECHNICAL ASSISTANCE WAS APPROVED BY ADB IN JAN 1972 FOR EVALUATION STUDY OF POSSIBLE UREA FERTILIZER PROJECT FOR SRI LANKA, CONSULTANTS WERE APPOINTED AND IN JAN 1973 SUBMITTED DETAILED REPORT. GOVT HAS FORWARDED CONSULTANTS' REPORT TO SRI LANKA AID GROUP COUNTRY MEMBERS AND OBSERVERS WITH REQUEST TO CONSIDER JOINT OR PARALLEL FINANCING WITH BANK. END SUMMARY.

1. ON 18 JAN 1972, BOARD OF DIRECTORS APPROVED TECHNICAL ASSISTANCE (TA) FOR EVALUATION STUDY OF POSSIBLE UREA FERTILIZER PROJECT FOR SRI LANKA. CONSULTANTS (JAPAN CONSULTING INSTITUTE) WERE EMPLOYED BY BANK UNDER APPROVED TA AND SUBMITTED REPORT ON 31 JAN 1973. CON-  
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SULTANTS CONCLUDED THAT 300,000 TONS/ANNUUM CAPACITY PLAN WAS

OPTIMUM, BEING BASED ON "NEW TECHNOLOGY" TYPE AMMONIA PRODUCTION FACILITIES INVOLVING USE OF CENTRIFUGAL COMPRESSORS AND MAXIMUM ENERGY RECOVERY, WHICH IS SAID TO HAVE SUBSTANTIAL ECONOMIC ADVANTAGES IN LONG TERM.

2. ESTIMATED TOTAL COST OF PROJECT TOALS \$73.2 MILLION EQUIVALENT, OF WHICH \$58.0 MILLION WOULD BE FOREIGN EXCHANGE PORTION. BANK HAS CONSISTENTLY MADE CLEAR TO GOVT OF SRI LANKA THAT, EVEN IF BANK COULD PARTICIPATE IN PROJECT, IT COULD NOT COVER ENTIRE FOREIGN EXCHANGE COST. GOVT HAS FORWARDED CONSULTANTS' REPORT TO FOLLOWING MEMBERS OF SRI LANKA AID GROUP: AUSTRALIA, CANADA, FRANCE, GERMANY, JAPAN , U.K. AND U.S., AS WELL AS DENMARK, INDIA, ITALY AND SWEDEN AS OBSERVERS, WITH REQUEST FOR CONSIDERATION OF ASSISTANCE FOR FINANCING OF PROJECT. IN FORWARDING REPORT, GOVT HAS SAID IT EXPECTS TO APPROACH BANK TO FINANCE SIGNIFICANT PORTION OF FOREIGN EXCHANGE COST OF PROJECT.

3. IN VIEW OF COMPLICATIONS INVVVOLVED IN ANY JOINT OR PARALLEL FINANCING AND TO AVOID DELAY ON CERTAIN DETAILED ENGINEERING ASPECTS OF PROJECT, GOVT IS CONSIDERING APPOINTING (IN CONFORMTITY WITH ADB GUIDELINES FOR USES OF CONSULTANTS) SUITABLE CONSULTANTS TO PREPARE DESIGNS AND SPECIFICATIONS INITIALLY AT OWN COST (WITH OPTION FOR CONSULTANTS TO CONTINUE IN CONSTRUCTION SUPERVISION). GOVT INTENTION IS THAT BANK WOULD CONSIDER FINANCING FOREIGN EXCHANGE COST (ROUGHLY ESTIMATED AT PRESENT AT \$200,000 EQUIVALENT, EXCLUDING CONSULTANCY SERVICES FOR CONSTRUCTION SUPERVISION ) OF SUCH CONSULTANCY SERVICES AS PART OF PROJECT LOAN IF AND WHEN SUCH LOAN CONSDIERED BY BANK.

4. IN NOTING GOVT'S PROPOSAL RE CONSULTANCY SERVICES, BANK HAS MADE CLEAR THIS WOULD NOT PREJUDGE DECISION ON LOAN, BUT IT MIGHT BE CONSIDERED PROVIDED BANK'S GUIDELINES IN SELECTION OF CONSULTANTS WERE FOLLOWED AND TERMS OF REFERENCE CLEARED WITH BANK. GOVT HAS ASSURED IT WILL RETAIN CONSULTANTS IN ACCORDANCE WITH BANK'S GUIDELINES AND ON TERMS AND CONDITIONS ACCEPTABLE TO BANK.

5. DETAILS CONTAINED IN ADB DOC IN 46-73 POUCHED AUG 3. DOCUMENT CONCLUDES THAT, IN VIEW OF SIZE AND IMPORTANCE LIMITED OFFICIAL USE

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OF PROJECT, IN VIEW OF TA EARLIER RENDERED BY BANK AND IN VIEW OF CONTACTS WHICH GOVT HAS OPENDED WITH MEMBERES OF BANK ON FINANCING POSSIBILITIES, PRESIDENT IS HEREBY INFORMING BOARD OF PRESENT SITUATION REGARDING PROJECT.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Review Authority:** golinofr  
**Review Comment:** n/a  
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**Review Event:**  
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30 JUN 2005

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**Review Transfer Date:**  
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**Status:** NATIVE  
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**TAGS:** EAID, EFIN, CE  
**To:** STATE  
**Type:** TE  
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